

HOUSE BILL REPORT

ESSB 5387

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to promoting economic development through commercialization of technologies.

Brief Description: Promoting economic development through commercialization of technologies.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Kilmer, Kauffman and Shin).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/25/08, 2/27/08 [DPA].

Brief Summary of Engrossed Substitute Bill
(As Amended by House Committee)

- Requires the Department of Community, Trade and Economic Development, to the extent funds are appropriated, to contract with outside entities on a competitive bid basis to develop guides, a database, a website, training workshops, and other tools related to technology commercialization.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and Sullivan.

Staff: Meg Van Schoorl (786-7105).

Background:

The Washington State Economic Development Commission (Commission) was created by the Legislature in 2003. The Commission issued a report in 2006, "Enhancing Washington State's Economic Future," which found that "a critical component of a vital state economy is the free

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and effective flow of new ideas from Washington's researchers and inventors into our companies' products and services; a process commonly called commercialization."

The report included recommendations to provide entrepreneurs with easier access to a database of new technology ideas and to provide tools that explain and demystify Washington's commercialization process. The report also recommended facilitating the availability of early-stage capital for innovative companies and making information on potential funding sources for innovative entrepreneurs more easily accessible.

The Washington Technology Center (WTC) was established in 1983. Headquartered at the University of Washington with a board of directors appointed by the Governor, the WTC's mission is to perform and commercialize research that benefits the state's economic vitality and to strengthen university-industry relationships through research. Its statutory responsibilities include: to perform or facilitate research supportive of science and technology objectives; to provide collaborative research and technology transfer opportunities to state industries; to provide training opportunities for students; and to provide a forum for interaction between technology-based industries and academic research institutions. The WTC is also required to help small firms win federal small business innovation research grants, giving particular attention to firms that are first time applicants, new businesses, or have fewer than 10 employees. The WTC may charge a fee for this service.

The Department of Community, Trade and Economic Development (DCTED) contracts with the University of Washington for the expenditure of state-appropriated funds for the WTC operations. The DCTED must provide guidance on such expenditures and on development of the WTC's strategic plan. The DCTED is responsible to the Legislature for the contractual performance of the WTC.

Summary of Amended Bill:

To the extent funds are appropriated, the DCTED must, in conjunction with public universities and colleges, and private and federal research laboratories:

- develop and disseminate a technology commercialization process guide;
- develop, maintain, and provide access to a database on technologies and inventions developed within the state that are available for licensing and commercialization;
- offer training to small business development centers, economic development councils, chambers of commerce, federally-recognized Indian Tribes, industry cluster associations, Washington Manufacturing Services, and private consulting firms on providing commercialization assistance;
- develop a funding resource guide, offer financing workshops, facilitate connections between entrepreneurs and investors, and maintain an accessible, interactive website; and
- report annually to the Governor and the Legislature on the impact of commercialization activities by Washington research institutions.

The DCTED is required to contract with outside entities on a competitive bid basis for all tasks except the annual report.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill requires the DCTED to contract with outside entities on a competitive bid basis to develop specified technology commercialization tools and services. The engrossed substitute bill had directed the WTC to provide or contract for these tools or services and did not mandate competitive bidding. Federally-recognized Indian Tribes are added to a list of technical assistance providers for whom the DCTED will offer training on providing commercialization assistance.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Universities have become economic drivers. Landmark legislation in 2005 established ethics guidelines that allow for greater commercialization of university research. Universities often come up with technological findings, but we need to get those findings out into the marketplace to see where they may be of value. A 2006 Economic Development Commission report concluded that university research knowledge in Washington is not being properly disseminated. Six of the Commission's recommendations from that report have been incorporated into this legislation. This bill will expand the work of the WTC to promote technology-based economic development. The WTC provides access for companies to university research capacity. Last year, concerns were raised about this bill in terms of angel investor networks. The language has been removed from this bill, and the WTC is specifically allowed to work with partner organizations, whether directly or by contract.

(Opposed) None.

Persons Testifying: Senator Kastama, prime sponsor; and Scott Hazelegrove, Washington Technology Center.

Persons Signed In To Testify But Not Testifying: None.